GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:1757
ANSWERED ON:10.12.2004
OVERDRAFT FACILITIES
Kamat Shri Gurudas

Will the Minister of FINANCE be pleased to state:

(a) whether the Government has decided to forego the interest on overdraft facility or cash credit facility offered to a customer by financial institutions including banking sector; and

(b) if so, the details thereof?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMAN1CKAM)

(a)&(b): ` No, Sir. However. Reserve Bank of India in consultation with Government of India had issued guidelines on One Time Settlement, which provide for simplified, non-discretionary and non-discriminatory mechanism for compromise settlement of chronic non-performing assets. All public sector banks are directed to implement uniformly these guidelines so as to achieve maximum recovery. Some concession on interest component was given in the case of doubtful or loss cases.